



INVESTMENT UPDATE

May 2013

Summary Update

We are pleased to report that the fund has had a good first eleven months ended 31st May 2013 with the fund having a gross performance of 31.49%. During the month of May 2013, Cadence Capital Fund returned a gross performance of +1.53% compared to a decrease in the All Ordinaries Accumulation Index of -4.39% and a decrease in the Small Ordinaries Accumulation Index of -3.82%. For the nine years and seven months to 31st May 2013, Cadence Capital Fund has generated a gross performance of 17.96% per annum, outperforming the All Ordinaries Accumulation Index by 9.17% per annum.

The fund finished the month 86.10% net long compared to 87.80% net long in April 2013.

Fund NTA

Cadence Capital unit price estimates as at 31st May 2013:

NTA (Post fees) \$1.866372

Cadence Highlights

Cadence Capital Limited was **ranked by ASX*** as the **Number 1 Australian Equities Listed Investment Company** over 3 and 5 years in the LMI Quarterly Update as at 31st December 2012.

Cadence Capital Limited was **ranked by Baillieu Holst** as the **No. 1 Listed Investment Company** over both 3 and 5 years in their Listed Investment Company Sector Report dated 31st January 2013.

Cadence Capital Limited was a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

All of these reports are available on our home page at www.cadencecapital.com.au

* Source: ASX website – Market Update on Management Funds section, LMI Quarterly Update as at 31 December 2012



Fund Performance

Performance* to 31st May 2013	CCF**	All Ords	Outperformance
1 Month	1.53%	-4.39%	+5.92%
1 Year	33.10%	24.23%	+8.87%
2 Years	41.51%	12.44%	+29.07%
3 Years	150.18%	25.85%	+124.33%
4 Years	217.48%	52.79%	+164.69%
5 Years	100.11%	6.08%	+94.03%
7 Years	121.40%	33.50%	+87.90%
Inception to date accumulated return (115 months)	387.07%	124.26%	+262.81%
Annualised return since inception (115 months)	17.96%	8.79%	+9.17%

* Gross Performance before Management and Performance Fees

** Adjusted to include material franking credit of 26.7 cents received from RHG dividend during May 2011

Top Portfolio Positions

ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	17.5%
MMS	McMillan Shakespeare Ltd	Long	9.3%
MQG	Macquarie Group Limited	Long	8.7%
FXL	Flexigroup Ltd	Long	8.1%
ANZ	Australia & New Zealand Banking Group	Long	6.4%
NAB	National Australia Bank Ltd	Long	6.0%
BSL	Bluescope Steel Ltd	Long	4.8%
RFG	Retail Food Group	Long	4.5%
RKN	Reckon Ltd	Long	3.9%
ARI	Arrium Ltd	Long	2.8%
HGG	Henderson Group Plc	Long	2.3%
QBE	QBE Insurance Group Ltd	Long	2.3%
OZL	Oz Minerals Ltd	Short	2.2%
Top Portfolio Holdings			78.91%

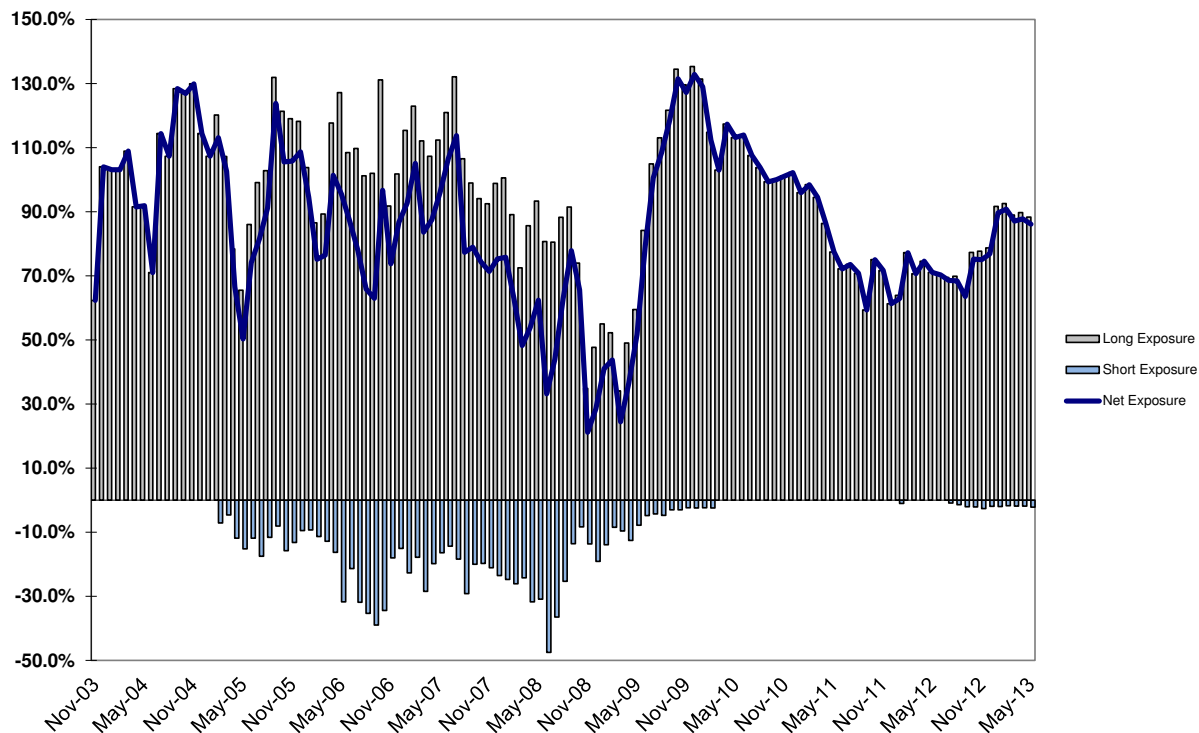


Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	30.38%		30.38%
Diversified Financials	20.37%		20.37%
Commercial & Professional Services	10.27%		10.27%
Materials	8.71%	2.21%	6.50%
Software & Services	7.15%		7.15%
Consumer Services	4.60%		4.60%
Insurance	2.28%		2.28%
Real Estate	1.44%		1.44%
Energy	0.84%		0.84%
Telecommunication Services	0.79%		0.79%
Media	0.69%		0.69%
Retailing	0.47%		0.47%
Transportation	0.29%		0.29%
Capital Goods	0.02%		0.02%
Exposure	88.31%	2.21%	86.10%

Cash on Hand **13.90%**

Portfolio Exposure





Cadence News

Update on Cadence capital Limited's Franking Credit Balance

Post the Half year 6 cent fully franked dividend, Cadence Capital Limited's Franking Credit balance would enable the company to pay out approximately 9 -10 cents of fully franked dividends.

Latest Webcast discussing Cadence's Investment Process

We would like to remind you to watch Cadence's most recent Quarterly Webcast. This webcast firstly gives a brief update on the fund's performance and its recent capital raise. This is followed with Karl Siegling giving an explanation of Cadence's Investment Philosophy and a detailed insight into its Investment Process.

Other News

We would like to once again recommend that you visit the 'News and Views' section of our website at www.cadencecapital.com.au as all past company webcasts, interviews and press articles involving Cadence can be found here.

Disclaimer

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